

Message Text

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DRAFTED BY EUR/ CE: JNELSON: SL

5/3/73 EXT 22155

APPROVED BY E - MR. CASEY

EUR/ CE - MR. SUTTERLIN

EUR - MR. SPRINGSTEEN

EB - MR. WEINTRAUB

S/ S - MR. BARNES

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FM SECSTATE WASHDC

TO AMEMBASSY BONN

INFO AMEMBASSY PARIS

C O N F I D E N T I A L STATE 085830

E. O. 11652: GDS

TAGS: EGEN, GW

SUBJECT: CASEY- HERMES DISCUSSION OF EXIM FINANCING FOR
EUROPEAN AIRBUS ENGINES

1. DURING HIS MEETING WITH UNDER SECRETARY CASEY ON MAY 1 ASSISTANT SECRETARY PETER HERMES OF THE FRG FOREIGN OFFICE MENTIONED THAT THE EXIM BANK, CONTRARY TO EUROPEAN EXPECTATIONS, HAD DECLINED TO FINANCE THE SALE OF GENERAL ELECTRIC JET ENGINES TO THE PRODUCERS OF THE EUROPEAN AIRBUS. HERMES INDICATED THAT THIS WILL ADD SUBSTANTIALLY TO THE COST OF AIRBUS PRODUCTION AND THAT FAILURE TO OBTAIN EXIM FINANCING IN WHAT WOULD APPEAR TO BE A ROUTINE CASE IS DIFFICULT FOR THE EUROPEANS TO UNDERSTAND. HERMES ASKED IF THE USG COULD RECONSIDER ITS DECISION IN THIS MATTER.

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2. CASEY REPLIED THAT HE GATHERED EXIM HAD TURNED DOWN THE

LOAN ON THE BASIS THAT THE BANK'S CHARTER REQUIRES IT TO MAKE LOANS WHERE NECESSARY TO ASSIST IN CONCLUDING EXPORT SALES- IN THIS CASE, HOWEVER, THE USG HAD THE IMPRESSION THAT THE EUROPEANS HAD SUFFICIENT DOLLAR RESOURCES AVAILABLE AND THEREFORE SUBSIDIZED US FINANCING WAS NOT NECESSARY.

3. MR. WEINTRAUB REFERRED TO REPEATED EUROPEAN REPRESENTATIONS ON THIS MATTER AND ASKED WHY IT IS SO

IMPORTANT TO THE EUROPEAN MONGOLIA, PAKISTAN, PDRY, CONGO-B, POLAND, ROMANIA, SIERRA LEONE, SOMALIA, SUDAN, SWEDEN, SYRIA, USSR, TANZANIA, TOGO, YUGOSLAVIA, ZAMBIA.

5. LEANING NO (8): BURUNDI, CAMEROON, DENMARK, EGYPT, ICELAND, NIGERIA, UGANDA, YEMEN ARAB REPUBLIC.

6. POSSIBLE NO (3): MALDIVES, PERU, SENEGAL.

7. ABSTAIN (14): AFGHANISTAN, AUSTRALIA, AUSTRIA, ETHIOPIA, FIJI, FRANCE, INDONESIA, MALAWI, MONACO, NORWAY, SINGAPORE, SRI LANKA, SWITZERLAND, ZAIRE.

8. LEANING ABSTAIN (10): BAHRAIN, BANGLADESH, GHANA, INDIA, JORDAN, KUWAIT, LEBANON, NEPAL, TUNISIA, UAE.

9. POSSIBLE ABSTAIN (4): BURMA, DAHOMEY, JAMAICA, UPPER VOLTA.

10. ABSENT (2): BARBADOS, GUYANA.

11. GIVEN CLOSENESS OF VOTE AND NUMBER OF COUNTRIES WHOSE INTENTIONS WE HAVE NOT RPT NOT BEEN ABLE TO TIE DOWN, US DELEGATION WILL NEED TO JOIN ROK AND OTHERS IN ACTIVE LOBBYING EFFORT. ASIDE FROM RECONFIRMING SUPPORTERS, IT WOULD SEEM ADVISABLE TO CONCENTRATE EFFORTS IN LEANING AND POSSIBLE CATEGORIES. WE NOTE, FOR EXAMPLE, THAT BANGLADESH AND DAHOMEY DELEGATIONS ESSENTIALLY UNINSTRUCTED.

12. IF IN ANY CASE YOUR LOBBYING INDICATES FURTHER APPROACHES TO CAPITALS BY USG NECESSARY, REPORT BY
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PRIORITY CABLE. ROGERS

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